

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Tony Hammond, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Product Prices
GEPS 7 (MC2016-196)
Negotiated Service Agreements

Docket No. CP2017-197

ORDER APPROVING MODIFICATION ONE TO
GEPS 7 NEGOTIATED SERVICE AGREEMENT AND DENYING AS MOOT MOTION
FOR TEMPORARY RELIEF

(Issued June 27, 2018)

I. INTRODUCTION

The Postal Service seeks to modify a Global Expedited Package Services 7 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification One to Global Expedited Package Services 7 Negotiated Service Agreement, June 26, 2018 (Notice). The modification is an attachment to the Notice (Modification). See *also* Motion of the United States Postal Service for Temporary Relief Concerning Modification Three to Global Expedited Package Services 7 Negotiated Service Agreement, June 22, 2018 (Motion).

In Order No. 3954, the Commission approved the Global Expedited Package Services 7 negotiated service agreement (Existing Agreement).² On June 22, 2018, the Postal Service filed a motion for temporary relief seeking to extend the Existing Agreement to July 31, 2018. See Motion at 1. On June 26, 2018, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement implementing the requested extension to September 30, 2018. Notice at 1.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire June 30, 2018.³ The Modification revises the expiration date of the contract to September 30, 2018. Notice at 1.

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as

² Order Approving Additional Global Expedited Package Services 7 Negotiated Service Agreement, June 12, 2017 (Order No. 3954).

³ See United States Postal Service Response to Order No. 3954 Concerning Effective Date of a Global Expedited Package Services 7 Negotiated Service Agreement, June 26, 2017, at 1 (setting original expiration date as June 30, 2018).

modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Existing Agreement, as modified, is set to expire September 30, 2018. *Id.* at 1. If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified. Accordingly, the Motion is denied as moot.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Expedited Package Services 7 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, as discussed in the body of this order.
3. The Postal Service's Motion is denied as moot.

By the Commission.

Stacy L. Ruble
Secretary